United Nations A/C.2/59/SR.22

General Assembly
Fifty-ninth session

Official Records

Distr.: General
2 December 2004

Original: English

Second Committee

Summary record of the 22nd meeting
Held at Headquarters, New York, on Tuesday, 2 November 2004, at 9.30 a.m.

Chairman: Mr. Balarezo ..... (Peru)

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04-58434 (E)

The meeting was called to order at 9.45 a.m.

Agenda item 87: Globalization and interdependence (A/59/115, A/59/138, A/59/155-E/2004/96 and A/59/158) (*continued*)

(a) Globalization and interdependence (A/59/312) (*continued*)

(b) International migration and development (A/59/73 and 325) (*continued*)

(c) Preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin (A/59/203) (*continued*)

(d) Culture and development (A/59/202) (*continued*)

(e) Integration of the economies in transition into the world economy (A/59/301) (*continued*)

1. **Mr. Sahakov** (Armenia) said that liberalization and integration into the world trading system had been the main thrusts of Armenia's foreign trade policy. Large-scale market reforms had enabled his country to reach a phase of stable development and to join the World Trade Organization (WTO) in January 2003. Noting that information and communication technologies accounted for a significant and growing share of Armenia's exports, he said that his Government had declared those sectors priorities in the country's economic development and that tangible results had already been achieved.

2. Armenia was a founding member of, and an active participant in, the Black Sea Economic Cooperation Organization as well as a member of the Transport Corridor Europe-Caucasus-Asia (TRACEA). Cooperation between countries of the Commonwealth of Independent States (CIS) was an important step towards integration into the world economy. As a landlocked country, Armenia attached great importance to the Almaty Plan of Action, adopted at the 2003 International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, which had reaffirmed the right of landlocked countries to access to and from the sea and freedom of transit through neighbouring countries. His Government saw that Conference as a condemnation of the practice of unilateral coercive economic measures intended as political pressure.

3. Although a scarcity of natural resources and problems with communications had affected the pace of economic reforms as a whole, Armenia had nevertheless achieved significant economic growth in the first half of the year. The expansion of private ownership and the emergence of a solid business community in Armenia further contributed to changing the nature of economic governance and regulation. Indeed, the private sector, which accounted for 80 per cent of gross domestic product, had become the driving force behind the growth of the Armenian economy.

4. **Ms. Ineriano** (El Salvador) said that the economic, political, social and cultural impact of international migration was changing the lives of nations permanently. Noting that about a third of her country's population currently lived abroad, she said that her Government was committed to maintaining and deepening its ties with Salvadoran communities abroad and was trying to blend their views with local expectations. The contributions of migrants deserved the special attention of the international community: their remittances constituted a key element in the mobilization of resources to eradicate poverty. Her Government welcomed the contribution that Salvadorans abroad made to the Salvadoran society and economy and believed that other countries could benefit from that experience by adopting measures to better manage the transfer of remittances, particularly in terms of defining and creating tools geared more towards investment than towards consumption. It was important for countries of origin to protect remittances and adopt mechanisms designed to reduce the cost of sending them in order to maximize the impact of the funds and improve the quality of life of their peoples.

5. While remittances made a positive contribution to the economies of the migrants' countries of origin, they could not be considered a sustainable form of providing foreign currency because of the many factors beyond the control of migrants. In that regard, the international community should give serious consideration to the consequences of migration in all its forms. The regularization of the status of migrants should be carried out with strict respect for their human rights, ensuring that they were not exploited by their employers. Migration was one of the main pillars

of El Salvador's foreign policy. Indeed, a ministerial department headed by a Deputy Minister had been set up to deal with migrants' rights. Her delegation looked forward to the high-level dialogue on international migration and development to be held in 2006 and urged the international community to participate with an open mind in that event.

6. **Mr. Baja** (Philippines) said that a clearer picture of international migration would equip the United Nations and other international organizations with the appropriate policy mix to deal with it more effectively. He therefore welcomed Peru's offer to host a special conference on migration in 2005. Like globalization, migration must be carefully managed in view of its impact on many aspects of human activity, including poverty, conflicts, refugee issues, HIV/AIDS and even security. Remittances, an offshoot of migration, helped to keep developing economies, like his own, afloat. They were also instrumental in bringing about development dividends by generating jobs through small-scale enterprises and by providing education, better health and nutrition. Remittances to most developing nations, which were now twice as much as official development assistance (ODA), helped to alleviate poverty and improve the overall quality of life in countries of origin.

7. Migrants also played an important role in the sustainable development of developed countries. For example, the early tides of migration had contributed to the economic development of many advanced nations and helped to shape their political, social, cultural and economic landscapes. In countries of destination, migrants often contributed their knowledge and know-how to their host countries in fields ranging from education to construction, thus enhancing the quality of life of their host countries. At the same time, they were exposed to many risks, including racism and xenophobia, abuse and inequitable treatment. His Government, which had always been committed to the protection of its 8 million nationals overseas, wished to advocate measures to coordinate and work more closely with other countries and with the international organizations concerned to ensure that the human dignity of migrant workers was promoted and protected.

8. While his delegation welcomed the Secretary-General's reports on globalization and interdependence and international migration and development, it believed that they did not go far enough. For instance, the Manila Process could be replicated in various other regions in order to achieve a better global perspective while the Berne Initiative needed to be enriched by identification of the appropriate mechanisms where cooperation among countries could be initiated. He supported the activities of independent bodies such as the Global Commission on International Migration and endorsed the convening by the United Nations of regular coordination meetings on migration in collaboration with agencies, funds and other relevant organizations to assist Governments in managing migration at the national and regional levels. He concurred with the Secretary-General's observations that the United Nations would benefit from closer ties with the regional consultative processes in determining issues which would be best addressed at the global level. Greater coordination with national Governments and regional institutions would be instrumental in forging appropriate partnerships at the global level that would effectively address the multidimensional aspects of globalization.

9. **Ms. Lima da Veiga** (Cape Verde), noting that more than half of her country's population lived abroad, welcomed the Secretary-General's initiative to launch the Global Commission on International Migration and also welcomed the convening of a high-level dialogue on international migration and development in 2006. Migration was a major driving force behind Cape Verde's development. Her Government had accordingly adopted specific institutional and legislative measures in favour of Cape Verdean expatriates and had established a Ministry for the Communities, which dealt with the issue of migration in general, and an institute to address the rights of Cape Verde nationals living abroad. Meetings were regularly convened in Cape Verde to consider the problems of and ways to improve the conditions of migrant workers and representatives of the various Cape Verdean communities around the world participated in them. The following year, for the first time, that meeting would be held in the United States, where most Cape Verdean migrants lived. Furthermore, Cape Verdeans living abroad had the right to vote in Cape Verdean elections and were represented by six parliamentarians. They also took part in consultative councils that worked closely with Cape Verdean diplomatic and consular representatives.

10. Migrant remittances, which accounted for 15 per cent of GDP, were the second major source of national

income after ODA. Her Government had therefore created an environment that stimulated investment by Cape Verde nationals. Emigrants, for example, were offered higher interest rates for their bank deposits. Her delegation supported current international efforts to improve remittance data and reduce transmission costs through effective and efficient systems. She welcomed the selection of Cape Verde by the International Organization for Migration (IOM) as one of the African countries to take part in the Migration for Development in Africa (MIDA) pilot programme which was aimed, inter alia, at creating a database and network of Cape Verdean expatriates, putting their skills and resources at the service of Cape Verde, and helping Cape Verde to establish a migration observatory. She hoped that her country's partners, the major recipients of Cape Verdean workers, would join it in that initiative. Noting that Cape Verde had lately begun to receive foreigners, mainly citizens from neighbouring countries, she said that her Government's approach to the question of migration was in line with the relevant international instruments, including the existing Economic Community of West African States (ECOWAS) agreements, which permitted the free movement of people and goods among member countries. Migration could be a win-win situation for countries of origin, transit and destination. Consequently, she endorsed the view that a better international framework for the nexus between migration and international development was needed. Furthermore, Cape Verde supported the convening of an international conference on migration.

11. **Mr. Holubov** (Ukraine), referring to the report of the Secretary-General contained in document A/59/301, said that his delegation agreed on the need for continued international support to transition economies in their aspiration to implement market-oriented reforms and achieve sustainable social and economic growth.

12. Ukraine was among the countries to have made considerable progress in converting to a market economy. The growth of the Ukrainian economy was partly attributable to market reconstruction and the strengthening of the national financial sphere, but also to other factors such as price liberalization, lessening of administrative interference, State regulation of monopolies and the development of private ownership and private enterprise. The Government was particularly committed to bolstering the political, social and legal framework for completing market-oriented reforms. Nevertheless, the challenge of counteracting the effects of the economic recession dating from the 1990s remained. Ukraine hoped to reduce its vulnerability to financial crises in order to free up the financial resources necessary for development.

13. He commended the work of the United Nations specialized agencies, funds and programmes in promoting the integration of transition economies into the world economic system. The activities of the Economic Commission for Europe in responding to technical assistance and capacity-building needs in areas such as trade, transport, environment, energy, information and communication technologies and the setting of norms and standards deserved special recognition. He commended the increased involvement of the European Union with economies in transition, and hoped that the proposed European Neighbourhood Policy would further facilitate their integration into the world economy. Ukraine was interested in gaining greater access to European Union markets, and to new European financial and technical assistance programmes.

14. Trade was clearly among the major vehicles for world economic integration and, in that regard, he urged continued support for countries, like Ukraine, that were negotiating membership of WTO.

15. He further appealed to the bodies comprising the United Nations system and the international financial institutions to sustain focus on the provision of assistance to the process of economic integration. His delegation was convinced of the need to adopt a successor resolution on the integration of the economies in transition into the world economy and counted on the support of Member States.

16. **Ms. Hewavitharana** (Sri Lanka), with reference to globalization and interdependence, said that development gains from trade needed to be based on a realistic assessment of policy experiences in developing a regulatory framework. In integrating countries with varied structural, regulatory and other constraints into a multilateral trading system, the challenge was to ensure an even distribution of development gains, while minimizing the negative effects on developing countries.

17. Turning to the subject of multilateral trade negotiations, she said Sri Lanka shared the problems of

other small and vulnerable countries with large rural populations whose livelihoods were based on agriculture. The apparel industry accounted for 57 per cent of total exports and was also a major economic sector. Accordingly, WTO agricultural-sector reform and the phasing out of quotas were topics of particular interest to Sri Lanka. With respect to the impact of globalization on environmental sustainability, she said that Governments needed to devise policies for economic development that could be implemented without triggering the adverse environmental consequences that often accompanied growth.

18. She welcomed the high-level dialogue on international migration and development, the offer of the Government of Peru to host a special international conference for developing countries with substantial migration flows in 2005, and the findings of the Global Commission on International Migration scheduled to be issued in mid-2005. Remittances to Sri Lanka had amounted to 7.5 per cent of total foreign exchange earnings in 2003 and had had a direct economic and social impact on receiving communities. Her Government's commitment to the welfare and protection of migrant rights was evident through the bilateral agreements and international instruments it had concluded. Drawing attention to the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, she underscored the increasing feminization of international migration, with female migrant workers comprising 50 per cent of all international migrants, a fact that gave urgency to the problem of the protection of the rights of migrant workers and the need for an early ratification of the Convention.

19. **Mr. Tarek Adel** (Egypt) said that globalization and interdependence featured prominently among his country's priorities, as they aided the implementation of internationally agreed development goals, including those contained in the United Nations Millennium Declaration.

20. The impact of globalization had been uneven, and the achievement of goals in developing countries had been hampered by restrictions on their developmental policies, a problem that required implementing reforms in the international economic system. To assist developing countries to achieve their goals on the basis of their commercial, financial and developmental needs, development must be placed at the core of international concerns, which must include the social responsibilities of companies. His country stressed the recommendations contained in the report of the Secretary-General on globalization and interdependence regarding the need for coordination among multilateral systems and Governments in trade and aid to achieve development goals.

21. It was essential for international migration to remain a priority issue, as had been the case since the International Conference on Population and Development, held in 1994 in Cairo. The 2006 high-level dialogue on international migration and development would provide a further opportunity for the consideration of strategies and mechanisms to address the many facets of the issue.

22. His country welcomed the report of the Secretary-General on preventing and combating corrupt practices and transfer of funds of illicit origin and returning such assets to the countries of origin, especially with regard to the need for technical assistance towards the early entry into force of the United Nations Convention against Corruption.

23. **Mr. Lazo García** (Venezuela) said that Venezuela had expressed concern in various forums that the process of globalization had actually widened disparities between developing and developed countries. He lamented the consequences of fundamentalist policies that yielded slavishly to market forces and played the predominant role in globalization. In his Government's opinion, the economic policies of the industrialized world had led to paralysis, stagnation and backwardness in developing economies. In order to reverse that trend, profound and coordinated changes were needed in the global economic system and its institutions to enable poor countries to shed their burden of external debt, to mobilize the resources necessary for development and to increase their participation at the decision-making level in international financial institutions, among other things. He took the opportunity to appeal to the General Assembly not to insist on globalization as an inexorable phenomenon, but rather to focus on multilateralism to determine the global social realities that deserved priority attention.

24. Venezuela had embarked on the establishment of a modern, inclusive and self-managed economy, through an integrated strategy of diversified development in a number of sectors. The aim was to

incorporate education, science and technology into the economic process, with a view to achieving sustained and sustainable development, and regional integration. The Government believed that the United Nations was an appropriate universal forum for strengthening international cooperation and promoting measures to combat exclusion and, as such, should also encourage the equitable distribution of profits in order to fully achieve the objectives envisaged under the Millennium Development Goals.

25. **Mr. Chidyausiku** (Zimbabwe) said that international migration was being viewed increasingly as a force that contributed to development, and the understanding of its impact on the environment and poverty would enable countries to better address its challenges and to maximize its benefits. The contribution of migrants in host countries, as well as the role of remittances, could not be overemphasized. Unfortunately, the major challenges posed by international migration were compounded by negative public perceptions and misconceptions. Government policies to combat irregular migration should take a holistic approach based on improved understanding of the economic role of the informal sector and the need for unskilled labour. With respect to the migration of skilled personnel and the protection of migrant workers and their human rights, he suggested that Governments should ensure that issues such as loss of expertise, optimal recognition of qualifications and skills and the implementation of international instruments on the rights and treatment of migrants were addressed in their policies.

26. Welcoming the high-level dialogue on international migration and development, he stressed the importance of the continued efforts of the relevant bodies of the United Nations system and other international organizations. In that context, he commended the work of the United Nations regional commissions, the interdisciplinary approach to the International Migration Policy Programme (IMP), and the role of the United Nations Population Fund (UNFPA) in promoting population programmes, data collection and policy-oriented studies. Lessons learned from the wide range of International Organization for Migration (IOM) activities and the recent experience of many industrialized countries seemed to indicate that control measures could not regulate migration. Orderly and managed migration offered a viable alternative to irregular migration and had the potential to counter negative consequences. Voluntary return programmes could be further enhanced if greater resources were allocated to the sustainable reintegration into countries of origin through effective international cooperation.

27. **Mr. Dall'Oglio** (International Organization for Migration) said that States were increasingly recognizing that it was no longer sufficient to address international migration in isolation. Issues such as the mobility of labour in a globalized economy and the resulting consequences for host and origin societies, demographic dynamics and enhanced security concerns contributed to the view that the collective capacity to "govern" the migration phenomenon could be addressed in a more holistic, coherent and productive manner, and that international organizations could facilitate the establishment of a platform conducive to the shaping of a more comprehensive policy framework.

28. The link between migration and sustainable development and the role of IOM in harnessing the development potential of international migration for individual migrants and societies, consistent with the Millennium Development Goals, had long been recognized. Migration had fostered the development of transnational networks for important cultural, political and economic exchanges across borders and had ensured sustainable links between countries of origin and destination. Remittances, diaspora and transnationalism had triggered a re-examination of the relationship between migration and poverty. IOM encouraged and supported the development of networks and programmes in expatriate communities for development purposes and would be involved in identifying and organizing the contribution of representatives of diaspora organizations to the high-level dialogue.

29. Greater international cooperation was needed to build more effective regimes for the protection of human rights of migrants, with special attention to trafficking in human beings and smuggling. Although the international architecture for the promotion of human rights principles and laws appeared solid, there was still need for advocacy and the actual application of existing instruments.

30. In the longer term, effective migration management could not be planned and developed without reference to important adjoining policy fields, and consideration should be given to the need to

enhance commonality of purpose and avoid duplication between agencies. In that context, IOM was jointly responsible for the establishment of the Geneva Migration Group, whose aims were to share information, enhance understanding, forge effective linkages and leadership. The high-level dialogue could consider ways of improving those efforts.

31. **Mr. Rapota** (Secretary-General of the Eurasian Economic Community (EURASEC)) said that the Secretary-General's report on the integration of the economies in transition into the global economy rightly underscored the importance of regional integration. Regional integration allowed for these countries' successful entry into the world economy, for the resolution of common socio-economic problems, and for the establishment of a positive external environment to that end. EURASEC, which aimed at successful regional integration and cooperation among CIS countries, was one such organization.

32. EURASEC was made up of five states: Belarus, Kazakhstan, Kyrgyzstan, the Russian Federation and Tajikistan. To date the member States had signed 73 agreements and contracts. A yardstick of the organization's success was the increase in gross national product in the member States by 8 per cent and in regional trade by from 25 to 30 per cent over the last two years. Regarding economic policy, two spheres were being accorded priority: coordination of economic development of EURASEC member States and harmonization of their indicators. In fulfilment of such aims, member States had agreed to coordinate their main macro-economic development activities, to monitor their economic development and to commence coordinating agricultural policy. In the sphere of international trade policy, a free trade policy had been established and EURASEC was now working on creating a customs union. In that regard, it was important to note that by 2006 a common EURASEC customs tariff would be established.

33. In June 2004 a Memorandum of Understanding between EURASEC and WTO had been signed. EURASEC members were taking requisite measures to harmonize budgetary, tax and monetary legislation. EURASEC was also giving priority to the social sphere. For example, in 1998 the heads of EURASEC member States had approved the statement entitled "Ten simple steps towards the common people". The most important achievements of a unified energy and transport sector included the elaboration of investment mechanisms for the joint financing of hydropower projects in Tajikistan and Kyrgyzstan, the creation of mechanisms for hydroelectric power flows and the elaboration of mechanisms for regulating hydroelectricity in Central Asia.

34. Currently EURASEC was eager to cooperate actively with the United Nations and its various organizations, in particular UNDP, in the fields of energy, transport, agriculture, ecology and the social sphere. One area of cooperation would be in supporting the sustainable management of natural resources, including the regeneration of radioactively contaminated areas caused by the Chernobyl accident and of regions with uranium-processing waste deposits. EURASEC member States also needed support in agriculture, and in small- and medium-scale enterprises.

The meeting was suspended at 11.15 a.m. and resumed at 11.22 a.m.

Agenda item 83: Macroeconomic policy questions (A/59/80-E/2004/61 and Corr.1, A/59/115 and A/59/155-E/2004/96)

(a) International trade and development (A/59/15 (Parts I-V), A/59/305 and A/59/369)

(d) Commodities (A/59/304)

Agenda item 109: Programme planning (A/59/6 (Prog.10), A/59/6 (Prog.10)/Rev.1 and A/59/16)

35. **The Chairman** invited the Committee to consider, in conjunction with agenda item 83 (a), agenda item 109 (Programme planning), with regard to which it had before it the report of the Committee for Programme and Coordination (CPC) on its forty-fourth session (A/59/16). He recalled that the General Assembly had decided that the Second Committee should include in its work a review of the recommendations of the proposed strategic framework for programme 10, Trade and development, contained in the report and transmit all relevant comments to the Fifth Committee prior to its consideration of the proposed strategic framework for the period 2006-2007. The sections of the report of CPC which were relevant to the Second Committee's work related to agenda item 83 (a) and agenda item 109. Under those items, the recommendations contained in the CPC report were in chapter II, section C, entitled "Proposed

strategic framework for the period 2006-2007, Programme 10: Trade and development".

36. **Mr. Mtesa** (Vice-President of the United Nations Conference on Trade and Development (UNCTAD)) said that the theme of the eleventh session of UNCTAD (UNCTAD XI), held in São Paulo, Brazil, in June 2004, had been the question of how to increase coherence between the external economic environment and national efforts, and in that context how to ensure that the monetary and financial system on the one hand and the trade system on the other reinforced rather than undermined one another. UNCTAD XI had looked at the link between the national and international dimensions of trade and development. The São Paulo Consensus had covered: development strategies in a globalizing world economy; building productive capacity and international competitiveness; assuring development gains from the international trading system and trade negotiations; and partnership for development. In each sub-theme it had identified problems, formulated appropriate national and international responses and spelled out how UNCTAD could contribute.

37. The fifty-first session of the Trade and Development Board had taken place from 4 to 15 October 2004. It had held a high-level segment entitled "Follow-up to UNCTAD XI: new developments in international economic relations", which had identified three interlinked elements of the new trade geography: the increasing role and importance of developing countries in driving trade and growth; South-South trade and economic cooperation; and the changing context of North-South interdependence. Several key elements of policy on South-South trade had been highlighted, such as the need for measures to reduce the levels of border protection in the South, including under the Global System of Trade Preferences; providing trade preferences specifically for least developed countries; and undertaking regional liberalization within the framework of regional trade agreements. The need for complementary measures by the developed countries to promote South-South trade was also emphasized.

38. The Board's debate on interdependence and global economic issues from a trade and development perspective had addressed a number of aspects of the current global recovery that were of particular concern to the developing countries. Although the recovery had benefited them, per capita income growth was still very weak in many low-income countries, and a number of delegations had expressed doubts about the sustainability of the current pattern of growth in the light of imbalances in demand growth, rising oil prices and exchange rate uncertainties. Improvements in national governance were considered important in better handling the consequences of globalization, although delegations from developing countries had drawn attention to the fact that the present set of global rules could reduce the options for them to manage the processes of liberalization and integration effectively. The Board had welcomed recent proposals for further debt relief for the poorest countries, and there were great hopes that the negotiations towards the conclusion of the Doha Work Programme would lead to an equitable multilateral trading system with fair rules for trade in goods and services and non-distorted access to all markets.

39. The Board had conducted the annual review of progress in implementation of the Programme of Action for the LDCs for the decade 2001-2010. There had been a modest improvement in the economic performance of the LDCs as a group in 2000-2002, although only seven LDCs achieved the 7 per cent growth rate required effectively to contribute to poverty reduction efforts. Trade expansion had had a beneficial impact on poverty reduction in only a few LDCs. In most poverty levels had either remained stagnant or worsened. If current trends continued there would be 471 million people living on less than a dollar a day in 2015, compared with 334 million in 2000. There was widespread consensus in the Board that international trade was vital for poverty reduction in LDCs, but the links between trade expansion and poverty reduction were neither simple nor automatic, and appropriate development policies needed to mainstream trade and development within overall poverty reduction efforts. There was also a need for improvement in the international trade regime, including issues that were beyond the scope of the World Trade Organization (WTO), to reduce international constraints on development in the LDCs, including commodity dependence and its link with extreme poverty, which deserved special attention.

40. The Board's discussion of Africa's debt was based on the UNCTAD report "Debt sustainability: oasis or mirage?", which called for a write-off of the debt of the poorest countries and argued that debt sustainability analysis should be based on a much

wider set of criteria, including those related to the achievement of the Millennium Development Goals. The Board had emphasized that debt sustainability analysis should incorporate a comprehensive set of variables including country-specific factors as well as vulnerabilities. The need for the establishment of an independent panel of experts to assess debt sustainability was suggested.

41. The Board had conducted an in-depth review of recent developments in the Doha Round, recognizing that the momentum for negotiations regained in the immediate process leading to the July packages should be maintained and reinvigorated so as to conclude the negotiations successfully. Discussions had stressed that addressing development issues of concern to developing countries would require purposeful and concerted efforts by all parties to incorporate special and differential treatment across the board in all areas of negotiations as well as implementation-related issues and concerns. Adjustment concerns of developing countries affected by preference erosion also needed to be adequately addressed. It was pointed out that genuine agricultural reform and liberalization would bring gains for exporting developing countries. UNCTAD and WTO were encouraged to strengthen their cooperation to assist countries deriving development gains from multilateral trade agreements.

42. The Board's discussion of the report on UNCTAD assistance to the Palestinian people had focused on the severe economic crisis in the occupied Palestinian territory and intensified efforts by UNCTAD to assist the Palestinian people.

43. The Board had held a half-day informal hearing of the views of representatives from civil society and the private sector on the issues before the Board. It was the first time that UNCTAD had institutionalized such hearings.

44. Since UNCTAD XI had coincided with the meeting of CPC, and it had therefore been impossible for the latter to consider the strategic framework of UNCTAD, CPC in its "Conclusions and recommendations" had recommended that the General Assembly should consider at its current session the proposed strategic framework for Programme 10: Trade and development, in the light of the recommendations of the Working Party on the Medium-term Plan and Programme Budget of UNCTAD. Document A/59/6 (Prog.10)/Rev.1 contained that proposed strategic framework, as revised and endorsed by the Board.

45. **Mr. Fortin** (Officer-in-Charge of the United Nations Conference on Trade and Development) introduced the reports of the Secretary-General on international trade and development (A/59/305) and on world commodity trends and prospects (A/59/304), and commented on the proposed strategic framework for Programme 10, Trade and development.

46. UNCTAD XI had confirmed that a strategic perspective on trade and development-related challenges pointed to the need to establish linkages and identify positive interrelationships between the potential development gains for developing countries arising from the Doha Round and the enhancement of their supply capacity and competitiveness, and it had given specific directions for UNCTAD to work in that connection. The Conference had also resulted in the strengthening of UNCTAD sectoral reviews of new and dynamic sectors in international trade to foster increased participation by developing countries, focusing on: the positive links among supply capacities, export competitiveness and market access; national assessments on the development impact of services sector reforms, and elaboration of services policies and strategies; and further elaboration and refinement of development benchmarks to assess how effectively developing countries were integrating into and deriving gains from the international trading system.

47. An important new element in the field of development strategies had been the Conference's assessment that the increasing interdependence of national economies in a globalizing world and the emergence of rule-based regimes for international economic relations had meant that the scope for domestic policies, especially in the areas of trade, investment and industrial development, was now often framed by international disciplines, commitments and global market considerations.

48. On trade facilitation the Conference had discussed the measures in the field of international transport introduced as a result of recent security concerns which might have implications for the trade of developing countries. UNCTAD had been requested, in consultation with competent international organizations, to follow current and emerging developments on security arrangements, analyse their

implications for developing countries and facilitate the exchange of views and experiences among interested parties in order to help build an environment that was facilitative of international trade and at the same time secure.

49. The WTO July 2004 framework agreement had put the Doha negotiations back on the right track, and that positive momentum should not be lost. The agreed frameworks should be developed into concrete, detailed and specific modalities for carrying out negotiations. As for agriculture, there had been a commitment to address the sectoral initiative on cotton "ambitiously, expeditiously and specifically", and it was important to keep in mind the need to deliver effectively on that commitment, and more generally to continue to address the specific trade and development concerns of commodity-dependent countries. With respect to trade liberalization, an important objective of developing countries was to prevent a protectionist response to the growth of information-technology-enabled services trade; locking in current liberal regimes regulating that type of trade would ensure that the interests of developing countries were reflected in the negotiations. On development issues, the framework agreement reiterated calls for the strengthening of WTO provisions on special and differential treatment and implementation issues, and set two deadlines (July and May 2005) for completing the corresponding reviews, making recommendations and taking action.

50. The São Paulo Consensus had reconfirmed the importance of addressing the issue of commodities by emphasizing the link between trade and development, and in particular the relationship between commodity production and exports and poverty reduction. In a number of LDCs commodity exports had failed to provide a way out of poverty. For many commodities, prices were still far below what they had been two decades earlier, and the commodity boom had been accompanied by a rise in oil prices. The consequences for overall economic development and the impact in human terms were serious; such situations highlighted the need for making compensatory financing schemes more operational and user-friendly. Developing country producers and exporters needed to be competitive and able to adapt to market requirements, especially as commodity markets were now undergoing rapid change with closed commodity chains replacing wholesale or spot markets. Capacity-building was needed to tackle transaction costs and overcome international institutional weaknesses obstructing trade in the public and private sectors, as well as significantly stepped-up funding for technical assistance from developed countries and multilateral financial institutions. Developing countries needed to commit themselves to creating supportive conditions for trade and investment as part of their national development strategies, including support to product quality improvement, improvements in logistics, elimination of unnecessary regulations and upgrading of agricultural extension services. Many such issues could not be addressed by Governments or intergovernmental organizations alone, which was why the International Task Force on Commodities had been launched at UNCTAD XI. It was aimed at enlisting the efforts of all interested stakeholders in a pragmatic approach designed to break the cycle of poverty in which many commodity producers and commodity-dependent countries were now locked.

51. As a result of the outcomes of UNCTAD XI, the main work orientations embodied in the UNCTAD section of the proposed strategic framework for 2006-2007 were: enhanced coherence between national development strategies on the one hand and international obligations and commitments on the other with a view to the creation of an enabling environment for development; enhancement of the productive capacity of developing countries so that they could take full advantage of the opportunities arising from the liberalization of world trade; action orientation, including through the launching of multi-stakeholders partnerships in information and communication technologies for development, commodities, investment and capacity-building and training; and, lastly, integration in the overall goals and activities of the United Nations system.

52. **The Chairman** invited delegations to participate in a question-and-answer session with the previous two speakers.

53. **Ms. Juul-Jørgensen** (European Community) said that UNCTAD XI had had a very good outcome and the July package had put the Doha Round of trade negotiations back on the right track. Noting that the report of the Secretary-General on world commodity trends and prospects had been relatively optimistic about the opportunities for commodity-producing and commodity-dependent countries, she asked how UNCTAD would use the enhanced mandate on

commodities that Governments had given it at UNCTAD XI. Although demand for commodities of developing countries had risen, so had supply in some sectors. Further clarification was needed on the interplay between supply and demand and the measures planned to address that relationship.

54. **Mr. Fortin** (Officer-in-Charge of the United Nations Conference on Trade and Development) said that the tone of the report of the Secretary-General was rightly optimistic. Nevertheless, many issues remained unresolved. It was no longer possible to think in terms of a single solution to the question of commodities. Commodity markets involved a very complex set of interrelationships, and each product required specific treatment. In some cases, the market was distorted by policy-making, for example, by granting subsidies; in other cases, such as the coffee market, the problem entailed a sharp increase in productivity and the availability of the product.

55. Meeting the challenges of some commodity markets required strategies and policies. UNCTAD would be working to carry out its mandate on commodities, first, by promoting increased transparency and information-sharing in the commodities market. Secondly, it would be drawing lessons from the successful cases of diversification of the commodity sector to encourage competitiveness. Thirdly, it would be working to build partnerships among relevant stakeholders to resolve commodity problems and foster cooperation between the public and private sector through market-based principles. Given the complexity of commodity markets, it was important to involve all stakeholders — producers, distributors, exporters, civil society, NGOs and others. The International Task Force on Commodities, launched at UNCTAD XI as an arena for dialogue, was targeted to specific commodities and depended on the wishes of the various actors involved in commodity production and trade.

56. Concerning supply and demand, on balance, demand would remain the dominant factor in the growth of the commodities market. The growth in demand sparked by the accelerated development of the Chinese market would continue to sustain the momentum of international commodity markets. Demand for commodities was sometimes a question of taste: if the Chinese became coffee drinkers, for example, the problem of oversupply would be resolved.

57. **Mr. Kogda** (Burkina Faso), noting the positive trend in South-South trade, said that the problem of inadequate infrastructure and exchange of information between developing countries remained. Although low prices for agricultural commodities greatly affected developing countries, and LDCs in particular, they had no say in determining those prices. He wondered what the international community could do to avoid the collapse of countries that were dependent on commodity exports.

58. **Mr. Adel** (Egypt) would like to know how UNCTAD planned to put into practice the concept of an appropriate "policy space", advanced in the São Paulo Consensus. He said that there was too great an emphasis on South-South cooperation. The focus on such cooperation must not divert attention from the need to open markets of the North to products from the South. Although the increase in South-South cooperation was a positive trend, the potential for economic growth of developing countries lay in the opening up of the markets in the North.

59. **Mr. Fortin** (Officer-in-Charge of the United Nations Conference on Trade and Development) said although South-South trade had great potential, there remained several obstacles. Financing of trade was always easier in cases of North-South trade than South-South trade. There was a need for more balance between the two forms of trade. South-South trade relations benefited from a measure of diversity and unity, making them more dynamic than in the past. UNCTAD XI had sought to analyse the comparative advantages of South-South trade, support South-South cooperation and trade preferences and help developing countries to gain much-needed access to information and technology. The problems relating to specific commodities like cotton and cocoa would require differentiated approaches. Policy designed to bring about a well-functioning market and ensure that commodity-producing countries benefited fairly from trade was necessary. But in addition to long-term commercial policies, interim assistance for commodity producers of cotton, for instance, would also be required.

60. The policy space referred to in the introductory paragraphs of the São Paulo Consensus was related in particular to the creation of the productive capacity needed for developing countries to participate fully and competitively in global trade and gain from investment, capital accumulation and the creation of

dynamic competitive advantages. Policies towards that objective must be market-oriented, with an active but not interventionist role being played by the State, and consistent with international agreements. Although policy space had been a contentious issue at UNCTAD XI, it could be linked to the question of the creation of productive capacity and exportable surpluses, in which case a more technical and balanced approach could be taken.

61. The "new geography" of international economic relations concerned not only trade but also investment, technology and commodities. The new geography covered more than South-South trade: approximately one half of all exports from the United States of America and one third from the European Union went to developing countries. Improving market access to boost the trade of developing countries was a central objective of the work of UNCTAD. But there were many opportunities for South-South trade that should be pursued.

62. **Mr. Gba** (Côte d'Ivoire) said that, while prices for agricultural products were largely determined by consumers, prices for manufactured goods were set by their producers, which made the process of price-setting opaque. Further clarification was needed on the measures that UNCTAD might take to achieve transparency in the setting of prices, particularly for agricultural products such as coffee, cocoa and cotton, which was done mostly in New York, Chicago and London.

63. **Mr. Fortin** (Officer-in-Charge of the United Nations Conference on Trade and Development) said that there were indeed asymmetries with respect to the setting of prices for agricultural and manufactured goods, and they were related to the structure of the commodities market. The problem lay in the distribution of benefits, with commodity producers profiting least and agents at the top of the supply chain benefiting most. UNCTAD was analysing how the market functioned, where decisions were taken and who was making them. It was working towards a more equitable and transparent market structure through open dialogue.

64. **The Chairman** took it that the Committee had decided to adopt the proposed strategic framework for the period 2006-2007 contained in document A/59/6 (Prog. 10)/Rev.1.

65. *It was so decided.*

The meeting rose at 12.25 p.m.